AIXTRON SE

Annual General Meeting 2014

Eurogress Aachen

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Speech on Agenda Item 1

Martin Goetzeler

President and CEO

Wolfgang Breme

Executive Vice President and CFO

Check against delivery.

Investor Relations

May 2014

Ladies and Gentlemen,
dear Shareholders:

On behalf of the entire Executive Board, I welcome you most cordially to the Annual General Meeting 2014 of AIXTRON SE.

After about one year in Aachen, I am pleased to note that I have taken roots and got familiar with Aachen's peculiarities. Thus, I have walked in the footsteps of Charlemagne, experienced the CHIO and enjoyed Aachen's specialties. Last time I was in this hall, I sat among the audience as you do now, looking at the recently appointed Carnival knight Christian Lindner as he stood up here on stage. All these experiences demonstrate the diversity of this region. I look forward to making further discoveries.

But now let's turn to AIXTRON.

About a year ago – at that time rather newly inaugurated as the CEO of AIXTRON – I presented to you the five-point program that I have developed in cooperation with the management team.

Today I can report that we have completed phase 1 over the past twelve months and now are ready to start implementing the next phase of the program.

Specifically, this means: In 2013, we implemented our plans for staff reduction, improved the cost position significantly and – an aspect of particular importance to me – in a future strategy process defined areas into which AIXTRON is going to invest. This process was also followed by the capital increase performed in October 2013, so that now we can invest into the defined future technologies regardless of current market developments.

Without going into too much detail at this point, a few more words: We have increased contact with our customers at all levels including the Executive Board, thereby improving our customer relationships. Other examples are the newly defined product development process with quality gates that we consistently use today, as well as our significantly expanded communication activities.

For the next 12 months now – I'll discuss this in more detail later – phase 2 is pending: We are resolved to launch our new MOCVD system generation onto the market, to use our various supply chain projects, among other things, to reduce our turnaround times, and to strengthen our company's leadership culture with targeted programs.

Thus, today I can report a "Yes, but…": *Yes*, we have brought about much progress in the past year, *but* we must, and I would like to emphasize this expressly, continue our efforts in all areas of the five-point program. It remains our goal to be on the market with profitable products that enable our customers to succeed in a highly competitive environment. Only in this way will we become sustainably profitable again.

At this point, let me give a current appraisal of the market situation. It is pivotal to us how much and how rapidly LED technology will prevail in general lighting. For the higher the demand for such LEDs is, the higher the demand for corresponding production capacities and thus ultimately the demand for our MOCVD equipment will be. When and to what extent the growing LED demand will also lead to a rising demand for our systems, is, however, not certain yet.

The trend of growing demand for LEDs is unbroken. Leading market research institutes expect a strong increase in the demand for LEDs in coming years. McKinsey, for example, assumes that by 2016 nearly half of the expenditures for lighting will be spent on LED lighting. According to the market research firm IHS, the world market of LEDs for general illumination is expected to grow from 495 million units delivered in 2013 to 3.6 billion units in 2020.

This forecast seems rather realistic when you see how quickly the use of LEDs in general lighting is making inroads. Almost all newly developed lights are already based on LED technology – I was able to convince myself about this at the recent Light+Building trade show in Frankfurt. At the same time, the costs of LED products are continuously decreasing – and the capacity utilization among leading LED manufacturers is very high.

The chances for the market to gain momentum and the corresponding opportunities for the LED system business are thus improving; that is pleasing news.

Mr. Breme is going to expand on this in detail together with the financials, but before let me quickly pick out three milestones relating to our finances that are of particular relevance to the placement of your company, respected shareholders:

1. In the business year 2013, we were able to keep the free cash flow and the liquid assets stable.
2. After consistent restructuring, we were able to reduce the operating costs to about € 100m as intended.
3. In October, we performed a successful capital increase.

With these words, I pass the floor to Mr. Breme, who will report to you about the capital increase carried out in October, the figures for the past business year 2013 as well as those for the first quarter of 2014.

Mr. Breme?

Thank you, Mr. Goetzeler.

Ladies and Gentlemen, dear shareholders, I would also like to welcome you once more to our Annual General Meeting after a difficult business year 2013.

However, before we take a closer look at the company results, let me give you some background on the capital increase we made in October 2013.

The Executive Board was authorized by resolution of the General Meeting of May 19, 2011, to increase, with the approval of the Supervisory Board, the company's equity capital until May 18, 2016, once or by several partial amounts by up to a total of € 40,471,946.00 (authorized capital in 2011) for cash contributions and / or contributions in kind by issuing new no-par value registered shares. As a matter of principle, the shareholders must be granted a subscription right. Under certain conditions, however, the subscription rights of shareholders can be excluded.

On October 23 – 24, 2013, the Executive Board of AIXTRON SE decided, with the approval of the Supervisory Board, by partial utilization of this authorization pursuant to § 4 lit. 2.1 of the Articles of Association, to increase the equity capital of the company by € 10,223,133.00 to € 112,454,470.00 by issuing 10,223,133 new personal no-par value stocks with a notional interest of € 1.00 in the equity capital each against cash contribution.

The shareholders' statutory subscription right was in this case excluded pursuant to § 186 III 4 AktG (German Stock Corporation Act). As for the number of newly issued stocks, the capital limit of a maximum of 10 % of the equity capital was respected.

The exclusion of subscription rights enabled the transaction to be implemented quickly and efficiently. We were able to attract additional investors and avoid the expenses in terms of time and money of a rights issue, which would moreover have entailed larger discounts and uncertainties.

The Executive and Supervisory Boards had approved the issuing price of € 9.90, which was determined in an accelerated placement process, as the volume-weighted average price on that day and up to the completion of the placement amounted to € 10.004. The placement price thus offered a discount from this average price amounting to only 1.04 %. So this has not substantially undercut the market price, as provided for in the authorization granted by the Annual General Meeting, within the meaning of §§ 203 I and II and 186 III 4 AktG.

I wish to point out that the company's existing shareholders in general had the opportunity to maintain their stakes by acquiring the necessary stocks under approximately the same conditions on the stock exchange. Assets and voting interests of existing shareholders therefore remained adequately safeguarded despite exclusion of the subscription rights.

The newly issued stocks of the company, entitling to dividend rights from January 01, 2013, were placed by the Joint Lead Managers and Joint Book Runners of the transaction, Deutsche Bank Aktiengesellschaft und BNP Paribas, in an accelerated placement process at a price of € 9.90 per share with institutional investors. The placement was done in Europe, the UK, the USA and Asia, with greatest demands registered in the UK and Germany.

The capital increase was entered into the Commercial Register on October 24, 2013.

In the course of the capital increase, the company raised gross proceeds of about € 101m, strengthening balance and liquidity and increasing its financial flexibility. In addition, our negotiating position is thus expected to be improved, particularly for dealings with major customers. The proceeds will be used primarily to strengthen the technological leadership of the company and will be invested into strategic growth areas, particularly into technologies for the production of high-performance electronics, organic LEDs and applications in the silicon semiconductor industry.

To maintain the financial flexibility of the company, we ask you for your support in the creation of new Authorized Capital 2014 as described under item 6 of the Annual General Meeting today. As reported, we have partially utilized the Authorized Capital from 2011. You are aware that it is in the company's interest to have the widest possible flexibility for acting quickly on the capital market. As a result, the Authorized Capital 2011 is hereby cancelled, and a new Authorized Capital is to be resolved in 2014.

You will see why a solid capital base is of such importance to AIXTRON when we consider the financial figures for the business year 2013 and the first quarter of 2014.

Although utilization of the production capacities at leading LED manufacturers was high and increasing throughout 2013, LED manufacturers remained cautious about new investments. As a result we did not experience any significant recovery in the demand for our systems. This is also reflected directly in the business development of AIXTRON during the entire business year 2013, in which the equipment segment for the production of LEDs nevertheless was still our biggest revenue generator.

Thus, although sales and orders showed a slightly positive trend over the course of the year; overall it stayed at a consistently low level.

Order intake remained at a level of around € 30m per quarter, and for the full year, with a total of € 133.2m it only marginally exceeded the previous year's € 131.4m.

Revenues for the business year 2013 decreased from the previous year's € 227.8m by 20 % to € 182.9m, reflecting the continuously weak market demand during the entire business year.

75 % or € 138.0m of total revenues were attributable to system sale revenues, of which in turn 39 % were accounted for by the LED sector and 22 % by silicon semiconductors.

Against the background of uncertain and weak demand we conducted another review of all inventories, in order to account for the technological advancement of our portfolio, and then in Q1/2013 once more made adjustments totaling approximately € 43.0m.

These adjustments also affected production costs, leading to a gross profit of € -7.4m and a corresponding negative gross margin for the business year 2013. In addition to the adjustments, however, this also reflects lower prices realized for the systems sold.

As part of the five-point program initiated by Mr. Goetzeler in May 2013, we have carried out a number of restructuring measures that were aimed, inter alia, at significantly improving cost structures while at the same time reducing operating expenses.

Against this background, in the business year 2013 we succeeded in reducing operating expenses by 33 % from € 132.7m to € 88.4m.

These figures include two major non-recurring items, the insurance compensation received after fire damage in an externally operated warehouse and the depreciation of a disused building. Excluding these one-time items, the operating expenses amounted to approximately € 100m.

Now let me look at the sales and administrative costs. Again, we were able to achieve significant improvements in the business year 2013 and reduce costs by 13 % to € 47.2m. An essential part of these savings is attributable to efficiency gains and staff reduction, i.e. longterm effects.

The same applies to the area of R&D. Here we have developed a much more targeted approach in which we purposefully focus our activities onto selected future markets, and simultaneously we have carried out extensive measures to increase efficiency with improved cost control. Accordingly, we were able to reduce research and development expenses in the business year 2013 by more than 20 %, from € 72.9m to € 57.2m, without losing the focus on investments into key technologies for the future.

Other operating income and expenses for the year 2013 amounted to a positive € 16.0m, compared to an expense of € 5.5m in 2012. This is mainly due to the non-recurring items previously mentioned. The public grants for research and development also listed in this position, which AIXTRON receives for its participation in funded research projects, amounted to € 2.5m which is similar to the previous year.

Against the background of the development costs described, profitability has improved significantly despite the further decline in sales, but was thus still clearly negative. As a result, operating loss in the business year 2013 decreased from € -132.3m to € -95.7m and profit before tax from € -129.9m to € -95.2m.

Due to country-specific income taxes, in the past business year AIXTRON recorded an income tax expense of € 5.8m. In the case of some foreign subsidiaries, country-specific taxes are levied on locally generated profits, which are reported in the total. In the business year 2013, no deferred tax assets were activated on losses carried forward totaling € 88.7m and on temporary differences amounting to € 27.0m.

The net loss of the AIXTRON Group for the business year 2013 amounted to € -101.0m, which indeed represents a significant improvement over the previous year, but still far from satisfactory. This loss reflects in particular the intense restructuring process that AIXTRON has undergone in the past year, as well as the continuously weak investment demand in our key customer markets.

n the business year 2013, in accordance with the accounting regulations of the German Commercial Code (HGB) the parent company of the AIXTRON Group, AIXTRON SE, after dissolution of retained earnings to the amount of € 161m achieved a net loss of € -1.1m.

Against this background, respected shareholders, the Management and Supervisory Boards propose in this year, too, to carry forward the net loss of the business year 2013 to the current year and pay no dividend for the previous business year. This is also in line with our long-term dividend policy, in accordance with which we regularly distribute approximately a third of the net income to the shareholders.

While we remain confident that the company's earnings will further improve in the current business year, we do assume that the business year 2014 will likewise end with a loss. That said we continue to have a very strong capital position which is an important requirement for success in future projects in key target markets. As a result, any dividend payment would result in the weakening of the company and its future prospects. All the more so as we just performed a capital increase at the end of last year to increase the company's financial strength.

Dear shareholders, in the past business year we introduced and implemented numerous measures with our five-point program to improve internal structures, processes and costs, i.e. we have done our homework. On this foundation we can build piece by piece, continuing to pursue the goal of returning to sustainable profitability, which could in turn result in dividend payment again.

Now back to the AIXTRON Group and its balance sheet.

Despite the high losses in the business year 2013, which were largely not liquidity-related, AIXTRON continues to be debt-free and by the end of 2013 had liquid assets including short-term investments amounting to € 306.3m, i.e. 46 % more than in the previous year, which is mainly due to the capital increase carried out in October 2013.

At the end of the year, inventories amounted to € 66.2m, thus € 59.8m or 47 % less than in the previous year. This reduction was as a result of efforts to convert sell systems out of stock as well as a write down totaling € 43.0m.

The decrease in fixed assets is mainly due to the depreciation of the building no longer fully used since we have moved into our technology center. The other balance sheet items were largely unchanged compared to the previous year.

The equity ratio of 83 % as per December 31, 2013, was stable compared to the value of 84 % on December 31, 2012. This is mostly attributable to the positive effect of the capital increase and the losses of the business almost offsetting each other.

Thus, AIXTRON still has a strong capital base and is in an excellent financial position. In view of the uncertain market development, however, we will continue to devote much attention to cost management and liquidity, as well as to the development of cash flow as a control parameter.

Despite the high consolidated net loss, in the business year 2013 AIXTRON had a cash inflow from ongoing operating activities amounting to € 8.2m, after the outflows in the previous year had been € 45.2m.

This improvement over the previous year results came about, apart from the successful sale of systems from the inventory, due to an insurance compensation totaling € 22.5m as a result of the fire in the warehouse of an external service provider in which system components of AIXTRON were destroyed.

In addition, a number of expenses contributing to the high annual loss were not liquidity-related, such as inventory write-downs and the depreciation of our building. Moreover, receivables from deliveries and services decreased, contributing positively to cash flow.

The cash outflows from investment activities totaling € 39.7m are primarily due to the increase of fixed-term deposits with maturities of more than three months by € 30.4m and investments into fixed assets totaling € 9.6m.

Cash inflow from financing activities totaled € 101.6m result in part from the capital increase conducted in October 2013 and from the acquisition of shares by our employees under the various stock option plans of the company.

At this point, I would like to draw special attention to the KPI of free cash flow which is of critical importance to us. We were able to improve free cash flow despite the difficult economic environment during the past business year from € -61.6m to € -1.1m, an almost neutral result.

Let me now conclude by briefly referring to the current development in the present business year. We presented the interim report for the first quarter of 2014 on April 29.

Although the overall mood in the market has improved slightly, the general surrounding conditions in our sales markets have, however, changed very little.

The utilization rates of most leading LED manufacturers continue to be high, but the investment demand for new LED production capacities has not improved significantly.

Thus also the business development of the AIXTRON Group in terms of sales and order intake remained at low levels, with the comparative figures for the previous year having been slightly exceeded.

Although we assume that with increasing acceptance of LEDs on the market for general lighting applications the global demand for LEDs will continuously grow and consequently the demand for new MOCVD production systems will increase again, the exact timing and extent of this recovery remain difficult to predict due to the still low visibility.

Therefore, we maintain our forecast that for the business year 2014 we expect revenues to be at the level of the previous year and at the same time that AIXTRON will once more achieve a negative operating result throughout the year. Thanks to advanced cost reduction and restructuring successes, however, we can expect a significant improvement in earnings over the previous year.

A brief comment on the details of the figures:

At € 37.7m, the order intake in the first quarter exceeded the previous year by 26 %, but remained at a low level. Nevertheless, thus we recorded the fourth quarterly increase in total order quantity in a row. The orders on hand at the end of the first quarter amounted to € 64.2m, i.e. 10 % more than the initial order backlog of € 58.1m.

A similar pattern was also seen in the development of revenues. Here in Q1/2014 with € 43.9m we exceeded the previous year by 9 %.

Gross profit improved in the year on year from € -47.7m to € 10.8m, corresponding to a gross margin of 25 %. The improvement is largely ascribable to the adjustments for inventories included in the prior-year figures. Compared to the same quarter last year, gross profit fell by 38 %, which is also due to a less advantageous product mix.

Operating expenses in Q1/2014 amounted to € 21.7m, thus 24 % less than the € 28.6m in Q1/2013. While this is in part also due to the restructuring expenses of € 3.0m included in the prior-year figures, it also reflects the successful optimization of cost structures in the context of the five-point program. This ongoing cost optimization has enabled us to reduce our fixed cost base.

Accordingly, compared to the previous year the operating income / EBIT in Q1/2014 increased from € -76.3m to € -10.9m, but due to the low revenue base remained negative.

The net result for the first quarter was € -11.8m.

The net result in the first quarter is also reflected in the cash flow development. Thus, operating cash flow amounted to € -9.8m, and free cash flow was € -13.8m. This was strongly affected, in addition to net earnings, mainly by tax payments and restructuring items having become cash-effective, for which appropriate accruals had been formed already in 2013.

With liquid assets, including short-term cash deposits, of € 292m and no bank liabilities, at the end of the first quarter of 2014 AIXTRON continues to have a solid financial structure.

With that I give the floor back to Mr. Goetzeler, who will update you about our further progress in the implementation of the five-point program.

Mr. Goetzeler?

Thank you, Mr. Breme.

As you could see in the report by Mr. Breme, we have already made good headway in some areas.

To further stabilize and continue to improve our earnings situation, we need to focus consequently on stringent cost management and on the improvement of our internal processes without neglecting our targeted investments into the product pipeline and the future technologies.

To this end, in May 2013 we launched our five-point program.

It includes the five points of customer benefits, technology and product portfolio, processes and financial objectives, and corporate culture.

Now I wish to inform you with regard to all five points about what we have already implemented successfully in the first year, i.e. phase 1, and what goals we have now set for ourselves in phase 2 in the second year.

1. **We focus on customer benefits.**

The customers are in the focus of our actions. We are consistently working to further strengthen our customer relationships. This holds true for us today and in the future: We succeed only if the customer does so, too. And this is our guiding principle.

In phase 1, we have undertaken to reinforce the local teams, which also included the launch of technical account managers on-site at the customers'; in addition, we have significantly strengthened customer relationships – at all levels, including the Executive Board. These measures have yielded first results. We were, for instance, able to secure first orders from customers who had not opted for our system technology in the years before.

However, we continue to feel the after-effects of the last generation of equipment having been brought to the market too early. The trust which AIXTRON lost cannot be won back overnight. But we can earn it back gradually. We have, as I said, achieved initial successes, but there is still much trust to be regained.

We want to achieve this especially by close partnership, in particular with our key customers. "Close" means that we actively support our customers in implementing their product roadmaps, by showing them how they can increase their productivity and product quality by working with our systems. In addition, we jointly develop potential improvements for our systems. All the experience that we gain from this cooperation is in turn incorporated into our development projects at AIXTRON.

The fact that our new MOCVD system generation is now in the qualification phase has been an extremely important milestone and is based on this experience.

In the second half of this year, we will launch our new generation of MOCVD systems based on our showerhead technology. This is a competitive product in particular for the production of LEDs, allowing customers to noticeably increase their capacity and productivity. The new equipment generation is currently in the testing phase at selected key customers. This enables us to develop the product to market readiness in cooperation with the customer.

However, if customers were to require additional production capacity in the short term today, there is some likelihood they would, once again, opt for our main competitor's systems. That is why it is currently so important for our planning to know which installed base customers use, whether and to what extent short-term needs exist, or whether they can wait for the new generation of systems.

A second priority besides the new generation of systems is the continued expansion of our service business. We want to become even faster concerning the availability of spare parts, and we wish to expand the scope of our support services – two very important points for our customers in terms of productivity improvements and machine uptime. In addition we want to optimize the resource management and personnel planning in the service unit.

2. **We use our unique technology portfolio more effectively and strengthen our future products.**

Innovation is our DNA! For more than 30 years, our core competence has been in the area of technologies for material coating, so-called deposition technologies. Here we see ourselves as an incubator of technologies for current and future applications.

In phase 1, for the definition of growth areas for AIXTRON in the framework of a comprehensive strategic analysis we have put our technology and product portfolio to the test and adjusted our strategy according to this perspective. We now invest systematically and consistently into the growth areas we have defined, which is already reflected by an increase in the number of our patent applications. The goal is to have our company rest on several mainstays in the future and be present early in attractive growth markets. Our goal is to achieve 50 % of our revenue with products outside of MOCVD systems for LEDs in five years.

In order to be able to make these future investments regardless of short-term market changes, the Supervisory and Executive Boards approved the capital increase in October 2013, and we have implemented this successfully.

Apart from MOCVD plants for LEDs and systems for the silicon business, we focus on the following growth areas:

[OLED]

In 2013 we took an important step forward in the area of deposition technologies for the production of **organic semiconductors**. Our technology for the production of organic LEDs, so-called OLEDs, has been demonstrated in the laboratory to be significantly more effective than other existing methods, because we can deposit the very expensive organic raw materials onto the support material very efficiently and, above all, much more rapidly than with previous technologies. Our patented technology has the potential to optimally realize this even on very large carrier materials. So we will enable the industry to cost-effectively produce large but very thin OLED TVs with razor-sharp contrasts and lightning-fast response times in the future.

With the successful start-up of our integrated research pipeline, the R&D cluster, we now enable our customers to test the benefits of our OVPD and PVPD deposition technologies in practice, too. In April, we conducted first customer trials, which were met with very positive response.

In addition, we are developing a demonstration plant to prove that our coating technology is scalable to industrial dimensions as well. We want to prove this with the help of a so-called „Gen8 Demonstrator". Here Gen8 stands for carrier materials to be coated, of the size of 2.30 meters by 2.50 meters. This is to enable the industry to produce cost-effectively, e.g. large OLED television displays. We want to complete this by the end of this year, and interest from industry is appropriately large.

[Power Electronics]

The trend towards energy efficiency is supported by new **power semiconductors**. Here currently used silicon-based components are being replaced with more efficient components made of III-V compound semiconductors. Main applications include inverters and transformers for the feeding of renewable energies into the grid, for power conversion or in hybrid vehicle technology.

Here we cooperate with many globally leading manufacturers, and with our specialized planetary MOCVD reactors, we have a very strong market position.

The goal is to strengthen this position through consistent support of our customers and to exploit the evolving market potential in the transition from development to production phase.

[TFOS]

We see another application of our **MOCVD technology in the silicon semiconductor industry.** Using so-called III-V compound semiconductors, miniaturization of the chip structures can be continued, making processors even more cost-effective and powerful. Thus, Moore’s law can continue to apply.

Using our pilot plants, customers from industry and research have already achieved initial successes in the development.

Now it is important to design systems for the mass production of such modern semiconductors in cooperation with the customers.

[CNT]

Another future technology that we are pursuing is for the production of highly pure **carbon materials** such as graphene and carbon nanotubes.

This field is still in an early phase of development, but already possible applications as new touchscreens and high-performance energy storage systems are on the horizon. Future applications are also found in the silicon semiconductor industry.

Despite the early stage of development, we sell about one system per month to either academic research institutions or industrial research laboratories. We also work in publicly funded research projects such as the large-scale EU project Graphene – Flagship for Research.

We wish to expand our strong position in this area with the goal of creating the possibly decisive strategic advantage in an area that is seen as a crucial future technology.

Now for point 3 of the five-point program:

3. **We systematically optimize our process and project workflows.**

Structured process and project management together implies cost efficiency. For this reason, too, we have devoted an entire point of our five-point program to this.

As stated last year, we see potential for optimization in the field of cross-functional product development processes. Here we strive for shorter project times and more efficient resource use. To this end, in phase 1 we have successfully reorganized our product development process. Progress on particular projects is now measured in terms of clear milestones, so-called “quality gates“, and the project is continued only when the required value or milestone has been reached. In phase 2, we will parallelize the individual project steps even more to further streamline project turnaround times.

Furthermore, last year we initiated a project to optimize the supply chain process. We must significantly reduce the processing times of our orders and reach our defined target costs.

Due to our high material costs, close cooperation with our suppliers is crucial. This is manifested by earlier and more intense involvement of the suppliers into the development process and strengthening of our procurement organization, e.g. by experts on certain groups of materials or technical specialists at the interface between development and suppliers. First major improvements are already being felt and is already being reflected in for instance shorter delivery times.

Not only processes between AIXTRON and suppliers but also our own internal processes must be improved further. Process improvements in all areas of the company help us to act more effectively and to reduce costs. We were able to reduce fixed costs as a result of the consolidation of our workforce at the Dornkaulstraße location in Herzogenrath. The relocation to our modern technology center by the end of last year has – and this is the decisive factor for me – shortened our pathways and improved cross-functional cooperation. The staff, too, mostly perceive this as positive.

Now for item 4.

4. Finance – Our financial goals are geared to value proposition.

In phase 1 last year, our focus was on free cash flow. Given the net loss of € -101m the € -1.1m in free cash flow was a very good result. In 2014, we expect in particular higher spending on development projects which will have a corresponding impact on the free cash flow.

Our goal of reducing operating expenses by 20 % compared to the previous year without restructuring and transformation costs has been achieved. Despite the savings, we were able to push important future projects such as the development of new applications in the silicon semiconductor industry, the development of our organic deposition technology on an industrial scale and our graphene activities.

This year our focus is on stringent cost management, and in connection with the launch of our new generation of MOCVD systems also on the return to a price / cost level permitting a gross margin of approximately 40 %. This includes introduction of contract and project profitability analysis.

It is and remains an important goal for us to return to profitable growth, a sustained positive EBIT and finally an average return on assets that is above the cost of capital.

To advance this goal over the entire organization, we are about to establish a KPI system, i.e. a system of performance indicators, so that each responsible person knows his or her factors of influence on revenues, costs and assets and proactively controls his or her contribution to improvement accordingly.

Now for the last aspect of our five-point program. Last, but not least:

5. **Staff – We strengthen AIXTRON's culture, take responsibility for your actions and enhance communication.**

We need to tackle this still not so easy phase, as a strong team, but we can already build on initial successes from the past year. To me it is therefore of paramount importance that the company provides a framework for competent and dedicated colleagues to optimally contribute their expertise and personalities.

In phase 1, we have strengthened our internal communications since last year, e.g. by establishing central information platforms and enhanced personal exchange of the CEO and the Board of Management with executives and employees.

For improvement of our leadership culture, in cooperation with an external provider we have carried out a comprehensive management assessment, from which we have derived clear areas of improvement potential for the organization. One of these areas is finance. For these will be by what we ultimately want to measure our employees in the context of objective agreements. On the other hand, we will increase leadership quality through targeted programs.

Ladies and gentlemen, as you see, we have already made significant progress in some areas. However, we are still a long way to go.

Please allow me to repeat my words from the introduction once more: Yes, we have brought about much positive change in the past year, but we need to continue our efforts in all areas of the five-point program. Day after day, week after week, month after month and in a concentrated and focused manner.

It remains our goal to be on the market with profitable products that enable our customers to succeed in a highly competitive environment. This will succeed if we further improve our customer relationships, strengthen our customers' confidence in us and actively support our customers in being successful with our technologies. Only then – as I have also discussed before – will we be successful.

We have a unique technology portfolio, offering attractive market opportunities. In our core market, MOCVD equipment for the production of LEDs, we currently see a brightening of the market environment with utilization rates at leading manufacturers continuing being high. Add to this the continuing positive medium- and long-term prospects for our offering in the fields of MOCVD, silicon, and organic deposition technologies.

We are on the way to bringing AIXTRON back to its former strength.

At this point, our thanks are due to the members of our Supervisory Board for their support on this way. My gratitude, and that of the entire Board, is also due to our employees and the employee representatives who help shape the necessary change process in an active and dedicated manner.

Ladies and gentlemen, I would like to conclude by thanking you, the owners of the company, for your confidence and support. For AIXTRON, the Executive Board and all employees this has been a very intense year. For me personally, as well as for the entire team, being backed by all of you was very important to cope with the first important milestones. I assure you, also on behalf of the entire Board and our staff, of our continued full personal commitment to AIXTRON SE.

So now I give the floor back to Mr. Schindelhauer.